ARGENTINA

- I. Step-up in terrorist bombing in past few weeks has brought serious rise in tensions as country prepares for 27 March elections for one half of the Chamber of Deputies and some municipal offices.
 - A. Elections are first national test of President Frondizi's policies, especially US-backed stabilization program.
 - B. Govt denounced bombings as part of plot to prevent elections and last week decreed a "situation of serious emergency," giving army temporary control of police.
 - C. However, Frondizi rejected army demands for "martial law" and 25X1X limited decree's application to acts of terrorism.
- Argentine army had information that Peronistas (ineligible for election) were planning terrorist campaign, large blank protest vote to show strength, and street action to seize control of government.
 - A. Continued bombings over past few months have probably increased concern over reports of Peronista and Communist plotting.
 - B. Peronistas and Communists announced decision to urge blank vote after government began action to bar their candidates.
 - C. Peronistas are still potent force, although strength among electorate is estimated to have declined from some 60% in 1954 to about 25 to 30% now.
- III. Although Frondizi expects to retain a majority in congress, he still faces strong military dissatisfaction over alleged "softness" toward the Peronistas, and some officers have suggested a coup.
 - A. While the senior officers oppose coup at this time, an unexpectedly large blank vote and continued terrorism could increase support for such action.

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